

# THE DAILY RECORD

WESTERN NEW YORK'S SOURCE FOR LAW, REAL ESTATE, FINANCE AND GENERAL INTELLIGENCE SINCE 1908

## TitleTRACK

### Better coverage in today's market

As we close in on the end of 2009, and the end of the 2008-2009 recession, we can look back and see some very disturbing trends: skyrocketing foreclosures, bankruptcies, divorces, frauds, scams and scandals and a general state of despair.

We in the title insurance industry also have seen ripple effects from the economic downturn in the form of increased title insurance claims. As people lose their jobs and their homes, they become more desperate. Such desperation can lead to uncharacteristic behaviors that involve cutting corners and taking more risks.

In my 35-plus years in the title insurance business, I have seen forgeries, computer indexing errors, taxing mistakes, boundary disputes and just about any other kind of title problem you can imagine.

I have witnessed situations in which mortgage payoffs were stolen from innocent sellers, credit line closeouts never were made, people lying on affidavits and guarantees. In one case, I was involved in the resolution of a mortgage payoff that never was made. Innocent purchasers, unaware of a foreclosure proceeding against the sellers, came within days of losing their home.

A thorough title search usually cannot detect a forgery or a computer indexing public error and records can show only the existence of a title, not necessarily the proof that it is free and clear. When a problem is discovered, usually it is too late to rectify.

Some of the cases I mentioned had happy endings. Before their closings, the purchasers obtained fee owner's title insurance policies, which protect the buyer and guarantee every aspect of the property-purchase transaction. When disputes arose long after

closing, the purchasers suffered no loss of property and were defended by the title insurer at no cost to them. Others without that coverage were left to fight their own battles, hire their own attorneys or expert advisors and pay all of the associated costs.

Banks and other lenders require a title insurance policy as a condition of granting a loan, but that does not protect the purchaser. Why would the buyer, who has just as much — if not more — to lose, not get a policy insuring his ownership?

More attorneys now require their clients to have the insurance at the time of their home or property purchase. It is better to put the risk with the title insurance companies — where it belongs.

The benefits of obtaining a fee owner's title policy far outweigh any concerns about the cost of the insurance it provides. When an owner's title policy is obtained simultaneously with a lender's policy, the cost generally is in the hundreds of dollars. Unlike other forms of insurance requiring a yearly premium, the title policy is a one-time fee that protects a property for as long as you or your estate owns it. Broken down over a number of years, it is the most affordable form of insurance you can buy.

Given such desperate times, no one should feel they can rely on others to protect their investment. The risks of not obtaining this type of insurance are greater today than at any time in the past.

*Andy Licherdell is a vice president at WebTitle Agency, a locally-owned title company providing abstract and title search products and services. Offices are located at 69 Cascade Drive, Suite 101, Rochester, N.Y. 14614; phone (585) 454-4770; [www.webtitle.us](http://www.webtitle.us).*



**By ANDY LICHERDELL**

Daily Record  
Columnist